

Honolulu, Hawaii

FEB 12 2015

RE: S.B. No. 350
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 350 entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Department of Taxation, in collaboration with the Department of Business, Economic Development, and Tourism, to submit a joint report to the Legislature each year that is related to tax credits for renewable energy technology properties, the total cost of the renewable energy tax credits to the State, and the estimated economic benefit of the renewable energy tax credits for each of the previous four taxable years; and
- (2) Appropriate funds to the Department of Taxation and Department of Business, Economic Development, and Tourism for necessary costs in preparing and submitting the joint report.

Your Committee received comments on this measure from the Department of Taxation; Department of Business, Economic Development, and Tourism; and Tax Foundation of Hawaii.

Your Committee finds that the Legislature requires factual information and economic data on the fiscal impact of tax credits in past years in order to evaluate the effectiveness of the tax



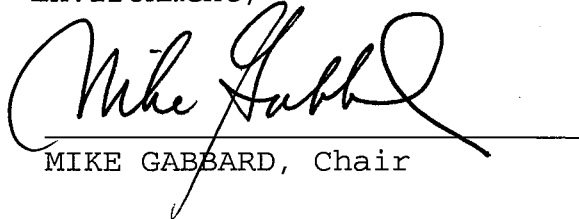
credits and to properly compare projections for future years resulting from proposed changes to the tax credits. The implementation of this measure provides the Legislature with critical information pertaining to renewable energy tax credits.

Your Committee has amended this measure by:

- (1) Inserting language to clarify that the annual joint report to the Legislature shall include information and data from each of the previous four taxable years for which information or data is available;
- (2) Authorizing the Department of Taxation to request and collect any additional information or data from a taxpayer that is needed to satisfy the reporting requirements of this measure; and
- (3) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 350, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 350, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,



MIKE GABBARD, Chair



